

So...your  
community has a  
Qualified  
Opportunity Zone  
~ What does that  
mean for you?

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You have options!



# Definitions

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What is a Qualified Opportunity Zone (QOZ)?

- An opportunity zone is a **census tract** that meets the definition of a distressed community (similar to New Market Tax Credits), and has been nominated by the Governor and approved by U.S. Treasury

What is a Qualified Opportunity Zone Fund (QOZF)?

An opportunity fund is the **investment vehicle** created to invest in *opportunity zone properties*. **Any entity** can establish an opportunity fund, as long as it follows guidelines set by the statute and self-certifies according to guidance from the U.S. Department of the Treasury



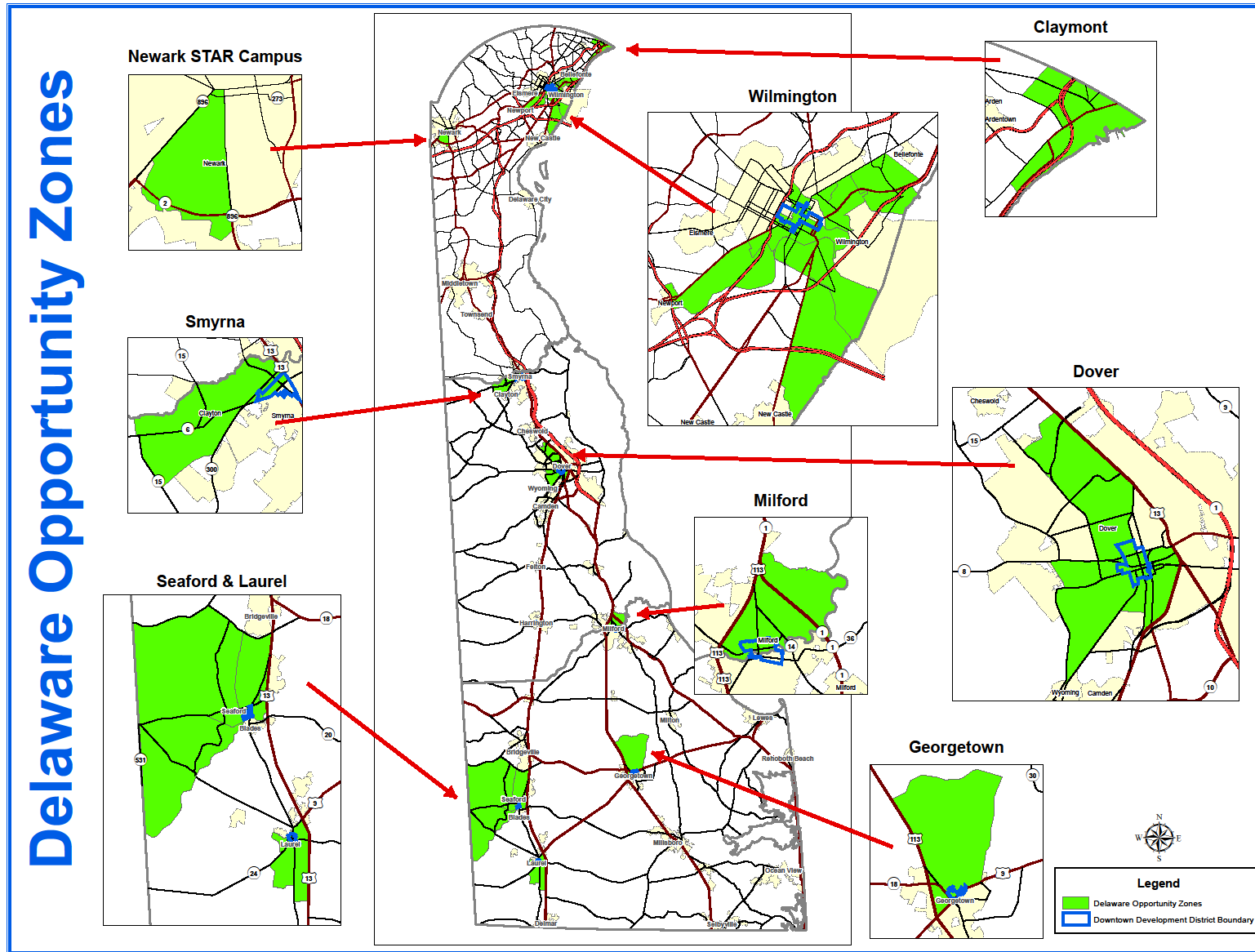
## Definitions continued

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Opportunity Zones are a new community development program established by Congress as a part of the Tax Cuts and Jobs Act of 2017, they **are** designed to encourage long-term private investments in low-income communities. This program provides a federal tax incentive for taxpayers who reinvest unrealized capital gains into "Opportunity Funds," which are specialized vehicles dedicated to investing in low-income areas called "Opportunity Zones."

**~ LOCAL ZONING & PERMITTING PREVAIL ~**

# An Opportunity Zone is a Qualified CENSUS TRACT – Delaware has 25





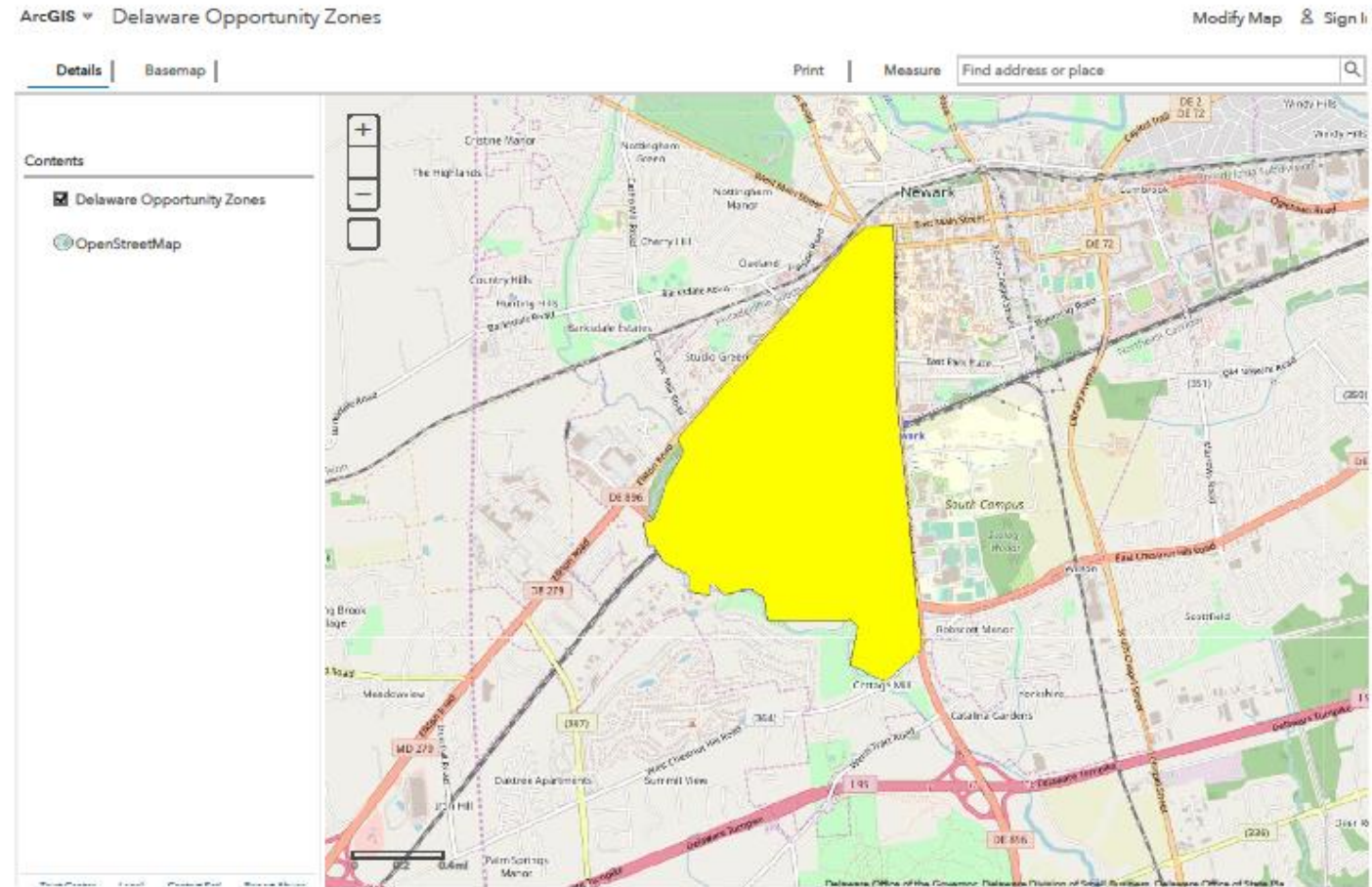
## Searchable Map Example:

**Census Tract: #10003014402 (Newark)**

<https://www.arcgis.com/home/webmap/viewer.html?useExisting=1&layers=b5cad94d355a45a3b805e56079b5d40d>

ArcGIS - Delaware Opportunity Zones

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# Student Housing within Opportunity Zones

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- Specific asset classes have the potential to benefit from **Opportunity Zones, Student Housing** is one of the first that come up.
- 159 Universities w/enrollment over 20,000 within US Opp Zones
- This is because college towns tend to have high-density populations of students who are intentionally unemployed while attending school full-time. In many cases, these colleges are expensive to attend and the student population is not actually in economic distress, but because the income levels are skewed downward by the large number of full-time students, they can present an interesting situation for developers of student housing properties.

[Source: <https://www.cremodels.com/opportunity-zones-student-housing-interactive-map/>]



# TRANSPORTATION PROJECTS WITHIN A QUALIFIED OPPORTUNITY ZONE

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- FEDERAL AGENCIES ARE EXPLORING APPROPRIATE MECHANISMS TO ATTRACT INVESTMENTS INTO QUALIFIED OPPORTUNITY ZONES
- As an example, U.S. Department of Transportation, Federal Transit Administration published a presentation in April 2019, identifying Qualified Opportunity Zones as a one of the criteria on the Review and Selection Process\*

\*[see slide # 16 embedded within the source at <https://www.transit.dot.gov/sites/fta.dot.gov/files/docs/funding/grants/grant-programs/132171/fta-2019-low-and-no-emission-nofo-webinar-presentation.pdf>]



# Why Qualified Opportunity Zones?

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- Capital Gain Taxes may be deferred, reduced and/or eliminated
- For investment held at least five years, the taxpayer's basis is increased by 10% of the original gain. For investments held for at least seven years, the taxpayer's basis is increased by 5% of the original gain.

## Capital Gain Tax Implications

- Investing in a Qualified Opportunity Zone, may help you:
  - DEFER
  - REDUCE
  - ELIMINATE

## Social Impact

- Achieve social investment objectives
- Make a difference in your community

## Risk Diversification

- Potential for significant economic gain
- Earliest investors are most likely to achieve the greatest ROI
- Non-traditional projects such as Rural and Main Street redevelopment projects



# Why invest in Delaware QOZ Projects &/or Businesses? Because...

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- **DELAWARE CONFORMS:**

Delaware conforms to the Federal Opportunity Zone program ~ our tax forms begin with your Federal Adjusted Gross Income

- **DELAWARE OFFERS SERIES LLC's:**

Explore *Title 6 Delaware Code Section 18-215* with your Tax Attorney, CPA or Wealth Advisor

- **DELAWARE IS FISCALLY RESPONSIBLE:**

All three major credit rating agencies have awarded Delaware with a 'AAA' Bond Rating for over 17 years



# Why invest in Delaware QOZ Projects &/or Businesses? Because...

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- **DELAWARE STACKS UP:**

Delaware and many of the local communities offer stackable tax credits and incentives to complement your investment in a QOZ





# Stacking Tax Credits: Clifford Brown Walkway is an *example of a project* that qualified for LIHTC, Historical Tax Credits and Brownfield Remediation ~ BEFORE Opportunity Zones!

Before



After

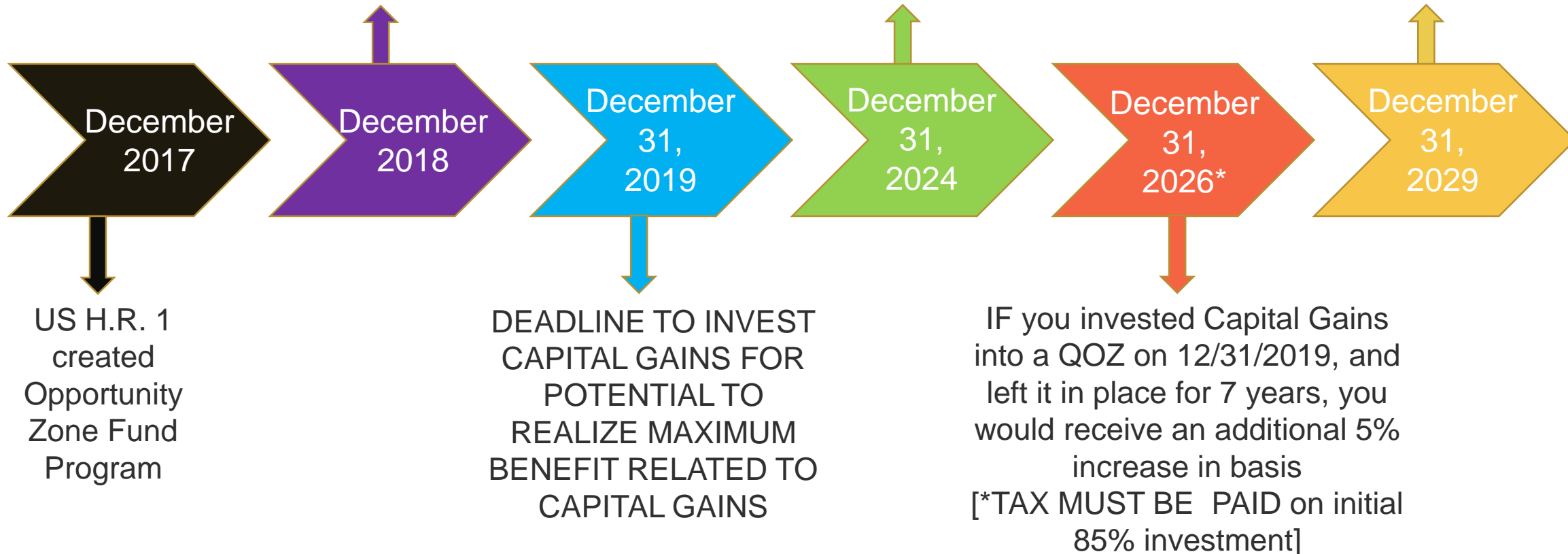


# TIME MATTERS!

Governor Carney plans statewide conference to promote Delaware's Qualified Opportunity Zones

IF you invested Capital Gains into a QOZ on 12/31/2019, and left it in place for 5 years, you would receive a 10% increase in basis

If you hold your investment in a QOZF for **10 years**, you can exit your investment and pay **ZERO** on the Capital Gains you may have realized from this investment





A decorative vertical bar on the left side of the slide, featuring a golden-yellow background with embossed financial symbols including dollar signs (\$), yen signs (¥), and various geometric shapes.

# Potential “Stackable” Incentives to consider for your next project in a DELAWARE OPPORTUNITY ZONE

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- Downtown Development Districts
- Strong Neighborhoods Housing Fund
- Low Income Housing Tax Credit
- Delaware’s Housing Development Fund
- Angel Investor Tax Credit
- Research & Development Tax Credit
- New Business Facility Tax Credit
- Brownfield Remediation Programs
- Historic Tax Credit

# Delaware Division of Small Business Potential Incentives

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- EDGE Grants
- Workforce Training Grants
- Brownfield Remediation Matching Grants
  - MUST exhaust all DNREC available funding prior to our program
  - MUST be requesting reimbursement of 50% of paid receipts related to work that is INCLUDED in DNREC's recommendations (For example, if you want to demolish a building because it's in distress but it is NOT part of DNREC's recommended plan of action related to remediation, it does NOT qualify)
  - Up to \$100,000 per project (\$200,000 of eligible expenses after DNREC's allocation)
  - Application, with \$250 fee must be presented to public hearing Council on Development Finance (Advisory Board to Division Director, Division of Small Business)
- Delaware Strategic Fund Loans & Grants

# DELAWARE OPPORTUNITY ZONES: No Wrong Door

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Qualified  
Opportunity  
Zones in  
Delaware



**Wealth Advisors  
Attorneys  
Accountants**



**DELAWARE  
PROSPERITY  
PARTNERSHIP**



**State of Delaware Agencies  
Local Governments  
Chambers/Business Groups**